

ATTEST A TRUE COPY
FILED

MAR 18 2008

IN THE CHANCERY COURT OF THE FIRST JUDICIAL DISTRICT
OF HINDS COUNTY, MISSISSIPPI

EDDIE JEAN CARR, CHANCERY CLERK
BY *[Signature]*



MIKE CHANEY, COMMISSIONER
OF INSURANCE OF THE STATE OF
MISSISSIPPI,

PETITIONER

VS.

CAUSE NO. G-2008-458 O/3

SOUTHERN NATIONAL TITLE INSURANCE COMPANY,
A MISSISSIPPI DOMICILED COMPANY,

RESPONDENT

FINAL ORDER OF LIQUIDATION

This cause having come before the Court on the Joint Petition of Mike Chaney, Commissioner of Insurance for the State of Mississippi (the "Commissioner"), and Southern National Title Insurance Company ("SNTIC" or "Company"), by and through its representative, for the entry of a Final Order of Liquidation pursuant to Miss. Code Ann. § 83-24-33(a),(c), and the Court having found as follows:

I.

The Mississippi Department of Insurance ("Department") on March 1, 2005, placed SNTIC in Administrative Supervision due to SNTIC's failure to file its 2004 Annual Statement in a timely manner and its apparent financial impairment.

II.

Since that date, the Department and SNTIC have diligently worked to cure the financial impairment and to place the company in statutory compliance; however, it has become apparent that all matters cannot be resolved.

III.

The Department and the Company agree that the Company is in such a condition that the further transaction of business would be hazardous, financially or otherwise, to its policyholders, its creditors and the public; therefore, it would be in the best interest of all parties for the Company to be placed in liquidation pursuant to Miss Code Ann. § 83-24-33.

IV.

The Court should enter an Order of Liquidation pursuant to Miss. Code Ann. § 83-24-33(a),(c), because further transaction of business by the Company would not be in the best interest of its policyholders, and the continuation of the Company's administrative supervision by the Department would substantially increase the risk of loss to its policyholders, creditors, and the public, and would be futile.

V.

The Company has limited assets to meet necessary administrative expenses, as set forth above. Pursuant to Miss. Code Ann. § 83-23-105(f), title insurance companies like SNTIC are not covered by the Mississippi Insurance Guaranty Association, so there is no protection for SNTIC policyholders from that association. The Department and the Company have been exploring the possibility of the assumption of all or part of SNTIC's policy obligations by a solvent carrier, in order to protect policyholders, but to date no offers have been forthcoming, and it is doubtful that any carrier will agree to assume SNTIC's in force business.

VI.

The Department and representatives of the Company make this joint petition for the Company to be placed in liquidation. Further notice is not required or appropriate and would delay the protection of policyholders, creditors, and the general public. Objections to the Order

of Liquidation, if any, can be heard at a post-entry hearing as provided by Miss. Code Ann. § 83-24-19(5); or by an appeal with limitations upon the liquidation as provided in Miss. Code Ann. § 83-24-35(6).

VII.

It is in the best interest of the policyholders and creditors of the Company and the public that the Company immediately be placed into liquidation pursuant to Miss. Code Ann. § 83-24-33(a),(c). Grounds exist that justify the immediate entry of a Final Order of Liquidation to permit the Commissioner to liquidate the Company and to take such other actions as may be necessary.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED:

- A. The Company shall be liquidated pursuant to Miss. Code Ann. § 83-24-33(a),(c);
- B. The Notice of Administrative Supervision entered on March 1, 2005, is superseded, the administrative supervision is terminated; and the Company is to be liquidated;
- C. Mike Chaney, Commissioner of Insurance of the State of Mississippi, and his successor(s) in office, is appointed as the liquidator ("Liquidator") of the Company, and he is ordered to liquidate the business and affairs of the Company and exercise the powers, duties, and responsibilities of a liquidator pursuant to Miss. Code Ann. § 83-24-1, *et seq.* and other applicable Mississippi laws;
- D. All rights and liabilities of the Company and of the Company's creditors, policyholders, employees and all other persons interested in the Company's estate, except as otherwise provided by Mississippi law, are fixed as of the date of the entry of this Order;

- E. Pursuant to Miss. Code Ann. § 83-24-37(e), all benefits and/or policies shall terminate at 12:01 a.m. on March 19, 2008;
- F. The Liquidator shall maintain possession and control and be vested with title to all of the tangible and intangible rights, property, and assets of the Company, wherever located, including but not limited to all monies, accounts, books, documents, records, contracts, rights of action, securities, brokerage accounts, policies, policy benefits due to Company, files, papers, electronic media, debentures, mortgages, furniture, fixtures, computer hardware, computer software, office supplies, and all other equipment;
- G. The Company shall immediately ship all books, documents, and records of the Company, as set forth in paragraph F, above, to the Liquidator at:

Mike Chaney, Liquidator
Mississippi Insurance Department
501 N. West Street, Suite 1001
Jackson, MS 39201

- H. All persons and entities, including but not limited to, banks, brokerage houses, agents, producers, general agents, sub-agents, contractors, reinsurers, reinsurance intermediaries, third-party administrators, underwriting managers, officers, directors, employees, representatives, accountants, attorneys, actuaries, affiliates, parent corporations, subsidiaries, and policyholders, in possession of any tangible or intangible right, property, asset, or record of the Company, shall maintain all such rights, property, assets and records, in a safe and secure manner for and on behalf of the Liquidator and shall promptly deliver all such rights, property and records to the Liquidator upon request;

- I. All general agents, agents, sub-agents, and brokers of the Company are enjoined from returning to policyholders or others, any unearned premiums, or any monies in their possession collected from premiums;
- J. General agents, agents, sub-agents, and brokers are to immediately remit all premiums, unearned premiums, collected commissions, and unearned commissions in their possession or under their control, or which they may hereafter acquire, to the Liquidator, together with all records, and a full accounting thereof;
- K. All persons and entities are enjoined from:
 - (1) The transaction of further business of the Company without the approval of the Liquidator;
 - (2) Interfering with the Liquidator's duties, activities, or responsibilities, or with this proceeding;
 - (3) The transfer, waste, or dissipation of the bank accounts or any of the property or assets of the Company;
 - (4) The obtaining of any preference, judgment, attachment, garnishment or lien against the Company or its assets, wherever located, or the levying of execution against the Company or its assets, wherever located, or the commencement, prosecution or further prosecution of any suit, action, or proceeding having any such purpose or effect;
 - (5) The making of any sale or deed for nonpayment of taxes or assessments that would lessen the value of the assets of the Company;

- (6) The withholding from the Liquidator of the books, accounts, documents or other records relating to the business of the Company;
 - (7) Any other threatened or contemplated action that might lessen the value of the Company's assets or prejudice the rights of policyholders, or creditors, or the administration of this proceeding;
- L. No action at law or equity or in arbitration may be brought against the Company or Liquidator, whether in Mississippi or elsewhere, nor may any such existing actions be maintained or further presented or prosecuted after issuance of the Liquidation Order; but rather all claims shall be submitted through the claims process;
- M. All secured creditors or parties, pledgees, lien holders, collateral holders or other persons claiming a secured, priority or preferred interest in any property or assets of the Company are enjoined from taking any steps whatsoever to transfer, sell, encumber, attach, dispose of or exercise purported rights in or against any property or assets of the Company without the prior approval of the Liquidator;
- N. The Company and its officers, directors, agents, servants, employees and/or other persons acting for or on behalf of the Company are enjoined from soliciting or accepting new business;
- O. The Company, its officers, directors, employees, agents, and all other persons, including but not limited to banks, brokerage houses, agents, producers, general agents, sub-agents, contractors, reinsurers, reinsurance intermediaries, third-party administrators, underwriting managers, representatives, accountants, attorneys, actuaries, affiliates, or parent corporations, and subsidiaries, are enjoined and

restrained from the further transaction of business by or on behalf of the Company, and from dealing with or disposing of the property of the Company, committing any waste or concealment of assets, without the express authorization of the Liquidator;

- P. All general agents, sub-agents, and brokers of the Company, as well as any banks, brokerage houses, reinsurers, third party administrators, or other companies or persons having in their possession assets or commissions which are, or may be, the property of the Company are enjoined from disposing of or destroying the same, or disposing of or destroying any records pertaining to any business transactions between the Company and its members, insureds, policyholders, general agents, agents, brokers, banks, brokerage houses, reinsurers, third party administrators, or other companies or persons having done business with the Company, or having in their possession assets which are or were the property of the Company;
- Q. All treaties, contracts and agreements of reinsurance, wherein the Company is the ceding insurer shall remain in full force and effect pending a determination and recommendation by the Liquidator as to when, and upon what terms, cancellation is appropriate; and that all reinsurers are ordered to pay all amounts due and unpaid to the Company under such contracts and treaties;
- R. All available constitutional, statutory, and common law immunities applicable and available to the Liquidator are extended to counsel for the Liquidator, and all other agents and personnel of the Liquidator;

- S. The Liquidator is authorized to employ, or continue to employ, such special deputies, agents, actuaries, accountants, appraisers, assistants, attorneys, clerks, consultants and such other personnel as they deem necessary and to fix and pay the reasonable compensation and expenses of such persons out of the funds and assets of the Company, subject to the supervision of this Court;
- T. The Liquidator is authorized to pay all routine administrative and operating expenses, including the compensation, fees, and expenses of attorneys, accountants, agents, appraisers, and consultants, incurred in connection with the orderly liquidation of the company and collection of the Company's assets, without approval of the court, but subject to the general supervision of the Court;
- U. The Liquidator is authorized to take actions necessary to prevent potential preferences from occurring, including specific injunctions against appropriate parties pursuant to Miss. Code Ann. § 83-24-51 to 55, and where appropriate, to enjoin the dissipation of the Company's assets already paid out as potential preferences or fraudulent conveyances or any threatened or contemplated action that might lessen the value of the Company's estate or prejudice the rights of its members, policyholders, creditors, or the public, or the administration of this proceeding;
- V. The Liquidator is authorized pursuant to Miss. Code Ann. § 83-24-51 to 55 to void fraudulent transfers, and shall have the authority to void preferences;
- W. Financial reports to the Court shall be made by the Liquidator within one year of the Order of Liquidation and at least annually thereafter, each such financial

report to include, at a minimum, the assets and liabilities of the Company and all funds received and disbursed by the Liquidator;

- X. The Liquidator shall give the appropriate notice of the Order of Liquidation pursuant to Miss. Code Ann. § 83-24-43, and requiring claimants to file with the Liquidator their claims on the Proof of Claim Form attached and referenced in the Joint Petition for Liquidation as Exhibit "F";
- Y. All Proofs of Claim must be filed with the Liquidator no later than June 30, 2008, or the claimant shall be forever barred from making a claim against the Company;
- Z. All powers and duties enumerated in Miss. Code Ann. § 83-24-41 are hereby granted to the Liquidator;
- AA. The Order of Liquidation shall remain in effect until the Liquidator has completed his duties or is discharged by order of this Court; and
- BB. This Order of Liquidation is hereby entered as a final judgment.

This the 18th day of March, 2008.

Signed DENISE S. OWENS

CHANCELLOR

PREPARED AND SUBMITTED
FOR ENTRY BY:

Stephanie L. Ganucheau, MSB #4743
Special Assistant Attorney General
Mississippi Department of Insurance
P.O. Box 79
Jackson, MS 39205
(601) 359-3577

Certificate of Service

I hereby certify that a true and exact copy of the foregoing Final Order of Liquidation has been mailed via first class postage prepaid and/or e-mailed, as follows:

Trent C. Jonas, President
Southern National Title Insurance Company
2677 County, Road, 10
Mounds View, MN 55112

Christopher J. Heinze, Esq.
Counsel for Southern National Title Insurance Company
chris.heinze@gmail.com

This the 18th day of March, 2008.



Stephanie L. Ganucheau
Special Assistant Attorney General